

CHAPTER 11

CAPITAL CONSTRUCTION

11.1 OVERVIEW

The purpose of this chapter is to outline the process for requesting capital construction projects. Using information acquired from this process, the OSPB will evaluate statewide capital construction needs and set priorities accordingly.

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The Office of State Planning is required by State law to review Capital Construction requests:

24-37-304. Additional budgeting responsibilities.

(1) In addition to the responsibilities enumerated in section 24-37-302, the office of state planning and budgeting shall: ...

(c.3) (I) Ensure submission of all capital construction and controlled maintenance requests and proposals for the acquisition of capital assets by each state department, institution, and agency to the capital development committee no later than September 1 of each year;

(II) Submit the recommended priority of funding of capital construction projects of all state departments, institutions, and agencies to the capital development committee no later than November 1 of each year;

(III) Ensure submission of all requests for supplemental appropriations for capital construction and controlled maintenance requests and proposals for the

acquisition of capital assets by each state department, institution, and agency to the capital development committee no later than December 10 of each year.

(d) Execute the appropriations acts or other acts having fiscal implications in such a manner as to assure compliance with the expenditure limitation, by source of funds, personnel authorizations, contingency and performance requirements, and legislative intent;

(f) Develop, or cause to be developed, current operational master plans for each state institution and agency, except state schools, colleges, and universities as provided in section 23-1-106, C.R.S., for submission to and approval by the general assembly ...

Significant Changes from the Prior Year

This chapter has been revamped to more closely mirror the FY 2009-10 Higher Education Facilities, Program Planning and Budgeting instructions published by the Colorado Department of Higher Education on May 20, 2008. A new CC-C form has been published, as well as a CC-B form during the summer of 2008. Some items that are no longer required have been deleted, and clarification added around new and existing requirements. Therefore, it would be best for departments and institutions to read the entire chapter to ensure compliance with the OSPB regulations.

11.2 DEFINITIONS

A project qualifies for capital construction if it meets the criteria in 24-30-1301, C.R.S., as listed below. Also below are definitions of capital outlay and controlled maintenance.

Capital Construction includes:

- Purchase of land, regardless of value.
- Purchase, construction, or demolition of buildings or other physical facilities, including utilities, or remodeling or renovation of existing buildings or other physical facilities to make physical changes necessitated by changes in the program. Changes in the program may also incorporate the need to meet standards required by applicable codes; to improve energy conservation; to save costs for facility staffing, operations, or maintenance; or to improve appearance.
- Site improvements or development (landscaping, upgraded utilities, signage etc.)
- Purchase or installation of the fixed and moveable equipment necessary for the operation of new, remodeled, or renovated buildings and other physical facilities and for the conduct of programs initially housed therein upon completion of the new construction, renovation or remodeling.
- Purchase of services from architects, engineers and other consultants to prepare plans, program documents, life-cycle cost studies, energy analyses and other studies associated with

any capital construction project and to supervise construction or execution of such capital construction projects.

- Any item of instructional or scientific equipment if the cost exceeds \$50,000.
- Information technology if the cost exceeds \$2 million. (See section on information technology on the next page for a list of institutions that may request state funding for information technology projects that total less than \$2 million.)
- Preliminary planning including initial review of proposed projects for a) conformity with long-range development plans; b) technical and economic feasibility of the project; c) preparation of outline plans and specifications; or d) preparation of preliminary cost estimates.

Capital construction projects are classified as major (total cost is more than \$2 million) or minor (total project cost is above capital outlay limits but \$2 million or less).

The following expenses are **NOT** capital construction budget requests:

- Printing, publishing, photocopying, and other similar costs related to project administration;
- Postage, certified mailings, long-distance telephone charges, etc.
- Employee compensation or reimbursement for time performing project-related work regardless of the work performed;
- Reimbursement of “in-town” expenses such as food, fuel, etc.
- Travel and lodging expenses directly related to project management;
- Renting or leasing temporary space for people and equipment to accommodate construction projects; these costs must be paid from operating funds.

Information technology projects are capital construction projects if they meet the following criteria:

- They total \$500,000 or more in the request year and the majority of the components has a useful life of at least five years.
- Personal computer replacement or maintenance is not included in the information technology request (unless as a component of a much larger institutional computer systems upgrade).
- Contract personal services and other non-capital items requested as capital construction are integral components of a request.

Based on a Memorandum of Understanding with the Joint Budget Committee, Capital Development Committee, and the Office of State Planning and Budgeting, **information**

technology projects costing LESS THAN \$500,000 may be capital construction for the following institutions and entities:

- Community College of Aurora
- Lamar Community College
- Morgan Community College
- Northeastern Junior College
- Pueblo Community College
- Otero Community College
- Trinidad State Junior College
- Adams State College
- Western State College
- Colorado Historical Society
- Division of Private Occupational Schools

Public higher education institutions may request a waiver from the capital construction criteria for the information technology request minimums through a written request to the Colorado Commission on Higher Education. If the waiver is granted, a program plan must be submitted to CCHE. These requests should be made only for projects of \$50,000 or more.

Capital Outlay includes operating expenses such as:

- Equipment, meaning motor trucks designated over three-quarters of one ton, tractors, trailers, snowmobiles, boats, machinery, reference books, office furniture, file cabinets, typewriters, adding and calculating machines, and other business machines, having a useful lifetime of one year or more, or other items, including, but not limited to, tools, implements, and instruments, which may be used continuously without material change in physical condition, costing more than \$100 and less than \$50,000.
- Alterations and replacements, meaning major and extensive repair, remodeling, or alteration of buildings, the replacement thereof, or the replacement and renewal of the plumbing, wiring, heating, and air conditioning systems therein, costing less than \$50,000.
- New structures, meaning the construction of new buildings where the cost will be less than \$50,000, including the value of materials and labor, either state-supplied or supplied by contract.
- Non-structural improvements to land, meaning the grading, leveling, drainage, and landscaping thereof and the construction of roadways, fences, ditches, and sanitary and storm sewers, where the cost will be less than \$50,000.
- OSPB, in consultation with the Office of the State Architect, will review on a case by case basis, if needed, to confirm that "Capital Outlay" does not include those things defined as capital construction by section 24-75-301, C.R.S.

Controlled Maintenance includes:

- Projects more than \$15,000, corrective repairs, code compliance, energy conservation, or replacement used for existing state-owned, general-funded buildings.
- Other physical facilities, including, but not limited to, utilities and site improvements, which are suitable for the retention and use for at least five years.
- Replacement and repair of the fixed equipment necessary for the operation of such utilities, when such work is not funded in an agency's operating budget to be accomplished by the agency's physical plant staff.

Controlled Maintenance does **NOT** include:

- Corrective repairs or replacement when such work is funded in an agency's operating budget to be accomplished by the agency's physical plant staff.
- Repair and replacement of fixed and movable equipment necessary for the conduct of programs (such repairs are funded as capital outlay).
- Repairs for rented or leased facilities, or facilities maintained by a self-liquidating property fund.
- Minor maintenance projects may not be accumulated to create a controlled maintenance project.

Capital construction projects arise out of an agency's need to create, expand, relocate, or alter a program due to growth, advances in technology or changes in methods or program delivery.

Requests addressing physical space requirements needed to accommodate particular functions, such as those traditionally included in facility programs, would constitute a "program-driven" request, and therefore, be considered a capital construction request.

A **continuation project** is one that has had an appropriation in recent years or is requested with funding over multiple fiscal years.

A **non-continuation project** is one that can stand alone and may not necessarily require additional appropriations to complete. An individual project may also be a stand alone project that will require distinct phased appropriations for professional services, construction, and equipment. In these cases, CC-C forms should be submitted in each year the project requests an appropriation. For example, a new state-funded building may require enough time in the design phase that it would be appropriate to request professional services appropriations in year one of the project and construction and equipment funding in subsequent years. Also, a four-phase addition to a building could be submitted as four individual projects if each addition could be completed separately as a stand alone project.

11.3 SOURCE OF FUNDS

- "CCF" is Capital Construction Funds. These monies would include funds transferred into the Capital Construction Fund, which is designated as a reserve fund in Section 24-75-302 (1) (a). Expenditures from the Capital Construction Fund are outside the spending limits of Article X, Section 20 of the Colorado Constitution (the TABOR amendment).
- "CF" is Cash Funds. Cash Funds are those funds derived from fees, tuition, other earmarked funds, grants, donations, damage awards, transfers of funds from other state departments, revenues from designated enterprise functions (student housing and dining, bookstore, student union, etc.), and from sales of university-owned property (where specific provisions exist to not require the funds to revert to the General Fund).
- "RF" is Reappropriated Funds. Include funds appropriated more than once in the same fiscal year and typically have been transferred from one agency to another.
- "FF" is Federal Funds. Any funds received directly from the federal government; includes categorical or block grants not necessarily available for uses outside of those specified in the grant award.
- "HUTF" is the Highway Users Tax Fund (HUTF). HUTF revenue sources include gas and special-fuel taxes, fines, license plate fees, driver's license fees, motor vehicle title and registration fees, and passenger-mile taxes. Per the Joint Budget Committee staff, about 74% of HUTF revenues, excluding any S.B. 97-1 transfers, come from gas taxes. The Colorado Constitution requires that motor vehicle license and registration fees and gas taxes be used exclusively for the construction, maintenance, and supervision of the State's highways. The Colorado State Patrol and Ports of Entry can use HUTF revenues for capital construction projects. The distribution to the Colorado State Patrol and the Ports of Entry is taken "off-the-top" before the formula allocation of the HUTF to the highway fund, counties, and cities. The "off-the-top" limit is calculated on the previous year's base; it is not a proportion of revenues going to HUTF, nor is there a specific monetary cap. Section 43-4-201 (3) (a) (I) (B), C.R.S. limits the "off-the-top" HUTF expenditures for highway supervision to 6% annual growth.
- "COPs" are certificates of participation. COPs are lease-purchase agreements that provide for a lump sum of money that is paid off over a number of years. The 2008 legislative session resulted in several actions, SB 08-218, SB 08-233, and HJR 08-1042, which allow higher education projects to be funded through COPs using Federal Mineral Lease (FML) revenues. SB 08-218 allows for a percentage of the growth occurring in FML revenues to be used to fund higher education capital construction. SB 08-233 authorizes the Treasurer's Office to use the funds in SB 08-218 to purchase COPs to fund a number of additional capital construction projects. SB 08-233 specifies COP payments for a period of 20 years that will fund over \$200 million in higher education projects. These projects were identified and prioritized by the Joint Budget Committee in HJR 08-1042. The final number of projects that are funded with the first round of COPs will be determined once the COPs are issued. It is

likely that there will be an additional COP issuance within the next several years as FML revenues increase. The Treasurer's Office will monitor the revenue and report to OSPB and DHE to determine if another COP issuance is possible. Accruing FML revenue will be used for pay-as-you-go projects until new COPS are issued. OSPB and DHE intend to use the same routine capital process for FML COP projects. Institutions should use the same planning process and timelines outlined within this budget manual for submitting all projects requesting state funds. Institutions of higher education may receive Capital Construction Funds, FML pay-as-you go funding, or COPs in lieu of Capital Construction Funds.

11.4 PRIORITIZATION

The Office of State Planning and Budgeting annually prioritizes all state-funded (Capital Construction Funds or COP-funded projects) capital construction project requests prior to submission to the General Assembly. Projects costing less than \$2 million CCF that are granted a waiver from the program planning requirements are prioritized alongside projects with costs exceeding \$2 million. OSPB does not prioritize cash-funded projects or SB 92-202 projects. Instead, it reviews non-SB 92-202 cash-funded projects and recommends them for cash spending authority to the Capital Development Committee and the Joint Budget Committee. OSPB also does not review Controlled Maintenance requests. Agencies submit these requests directly to the Office of the State Architect within the Department of Personnel and Administration.

Prioritized state-funded projects must have approved program plans that are consistent with all statutory requirements, the statutory role and mission, the campus facilities master plan, and approved space and utilization standards, where applicable. In prioritizing a project, financial feasibility and conformance with established planning guidelines may be considered. In order to be considered, requests must be well-defended and have all the completed forms and requirements.

For FY 2009-10, the prioritization list will be reviewed with the Department of Higher Education prior to submission to the Capital Development Committee and the Joint Budget Committee on November 3, 2008.

11.5 REQUEST PROCESS AND SCHEDULE

This section describes the circumstances for which a capital request can be made. These include requesting funds for facility planning or IT feasibility studies, pre-submittal capital construction review meetings, capital construction requests, supplemental requests, budget amendments, and capital construction comeback requests. Appendix C includes the budget calendar, which specifies submittal due dates. **See more information under Budget Documents, Section 11.13.**

Facility Planning Funds

Funds to develop facility master plans and facility program plans may be requested from capital construction funds through the capital construction budgeting process. Completed or updated facility inventory and facility audits are necessary to develop a facility master plan.

Capital Construction Requests

Request year (FY 2009-10) capital construction requests are due to the OSPB on July 16, 2008. If a request is approved, it will be forwarded to the CDC staff for legislative review. Requests that are not received by the established deadline may not be approved for submission. During September and October, CDC staff will mail project summaries and questions to the departments. Departments are then required to submit written responses to the CDC staff and also copy the OSPB Capital Construction Analyst. During November and December, the CDC will hold hearings with each department and in December or January establish a list of prioritized projects. Those recommendations are then forwarded to the JBC.

Supplemental Requests

Supplemental requests, regardless of funding source, are limited to specific circumstances (see Section 11.18). These requests for the current year, FY 2008-09, are due to OSPB on November 3, 2008 and, if approved, are forwarded to the CDC. For emergencies, the CDC and the JBC can direct the State Controller to issue capital construction spending authority without legislative action. This is called a 1331 supplemental. These requests require subsequent approval by the General Assembly in the next legislative session. All departments must obtain approval from OSPB before such a request is forwarded to the CDC and the JBC. Higher education departments must also obtain approval from the Department of Higher Education before such a request is forwarded to the CDC and the JBC.

11.6 APPROPRIATED PROJECT TIMELINE

Funded program plans for which state capital construction money has been appropriated or cash spending authority has been given must meet three state fiscal rules. If these program plans do not meet the fiscal rules they risk having the funds withdrawn, particularly in times when state revenues are insufficient to meet the state government budget:

- The six month rule states that all professional services (i.e. architect and engineering services) must be encumbered within six months from the time the Long Bill becomes law. Cash-funded and SB 92-202 projects (see section 11.10) are exempt from the six month encumbrance rule. For those projects not requiring professional services, the entire amount of the project must be encumbered within six months;
- The one-year rule, which states that all projects must be initiated within one year from the appropriation as demonstrated when expenses for the project have been incurred; and
- The three-year rule, which states that agencies have three years to complete their project. Funds that have not been encumbered at the end of three years will revert back to the State. The three-year time limit starts over each time the institution receives new appropriations for the same project. The three-year rule can only be modified by General Assembly action in an appropriations bill.

11.7 INFORMATION TECHNOLOGY PROJECTS

Information technology program plans are reviewed by the Office of Information Technology (OIT). OIT reviews the budget documents and pertinent sections of the program plans, and comment on the plans. All IT requests should be copied to the Office of Information Technology when they are submitted to the Office of State Planning and Budgeting. If the total cost of all computer and Information Technology (IT) equipment and wiring exceeds \$500,000, a CC-IT form must be completed. See Section 11.16.

11.8 CAPITAL RENEWAL PROJECTS

This project category is intended for large controlled maintenance projects of \$2 million or more. Agencies should submit the OSA CM-03 form simultaneously to the Office of the State Architect (OSA), OSPB, and, if an institution of higher education, to the Department of Higher Education (DHE). The OSA CM-03 form should be accompanied by an explanation of how the project is maintenance-driven. The reviewing agencies determine whether 1) the projects are truly maintenance driven, arising from deterioration of a facility's physical and functional condition or a lack of compliance with current codes and energy conservation, or 2) the projects programmatic needs such as volume or new programs are driving the building need. If approved by OSPB, OSA, and, if an institution of higher education, DHE, the projects are included in the prioritized list of capital construction projects that OSPB recommends to the General Assembly.

For capital renewal projects, no CC-C forms are necessary. Instead, the CM-03 forms (obtained from the Office of the State Architect) and required accompanying documentation double as both budget forms and program plans.

11.9 CASH FUNDED PROJECTS

Projects that are to be undertaken solely with cash funds (CF) moneys, but operated and maintained out of state operational funds, cash funds or a combination of both, are considered cash funded. Program plans are required for projects costing more than \$2 million. Projects costing \$2 million or less are submitted on the SB 01-209 list (see SB 01-209 section below). The program plans for cash funded projects are examined to ensure that sufficient information is provided to assure DHE that:

- Sufficient cash funds will be available to pay the capital project costs;
- The feasibility of the project;
- The cash funds are appropriate sources of funding considering the nature of the project; and
- The project will not adversely affect the operating funds.

Cash-funded projects are referred to the Office of State Planning and Budgeting, the Capital Development Committee, and the Joint Budget Committee, but due to HB 08-1205, are not required to be included in the Long Bill. These projects can now be submitted at anytime during the year, but can only be considered at scheduled Committee meetings. If at all possible, requests should aim for the routine deadline of July 16 to OSPB.

11.10 SB 92-202 PROJECTS

SB 92-202 projects are those constructed, operated, and maintained from auxiliary enterprise funds, student fees, research building revolving funds, or wholly endowed gifts and bequests, or a combination of such sources. 202 projects are not eligible for future Controlled Maintenance funding. SB 92-202 requests are submitted to the Department of Higher Education (if from an institution of higher education) and to the Office of the State Architect. SB 92-202 projects do not require review and approval by OSPB, but must be copied to OSPB when they are delivered to the Capital Development Committee.

11.11 SB 01-209 PROJECTS

Capital projects costing \$2 million or less (SB 92-202 Projects) or \$2 million or less (cash projects operated and maintained with cash, General Fund or a combination of both) that are above the limit for capital outlays are categorized as S B01-209 projects. These projects must be for repair and replacement, professional services, new facilities/additions, infrastructure improvements, site improvements, fixed equipment, demolition, leasehold improvements, and/or the purchase of instructional or scientific equipment. Funds to pay for these projects must be:

- Solely from cash funds held by an institution; or
- From auxiliary enterprises, student fees, research building revolving funds, wholly endowed gifts and bequests, or a combination of such sources.

For these projects, no OSPB review is required. Institutions should report to DHE all such expenditures for small capital projects for the preceding fiscal year. Higher education SB 01-209 reporting materials and instructions are provided by DHE and are due by September 10, 2008.

11.12 CONTROLLED MAINTENANCE

Controlled Maintenance projects arise out of the deterioration of a facility's physical and functional condition and the corresponding inability to comply with current codes. These are referred to as "maintenance-driven" requests, as opposed to "program-driven" requests, which would constitute a capital construction project.

Controlled maintenance funding requests should be referred to the Office of the State Architect by September 1. OSPB will review these requests with State Buildings to ensure no duplication of effort has occurred between capital construction and controlled maintenance projects.

11.13 BUDGET DOCUMENTS

Budget documents must be complete when submitted to OSPB. Incomplete forms will be returned to agencies for completion and this may risk the ability of OSPB to review and recommend the request. The capital construction budget requests (CC-C and CC-IT forms) are the primary project request forms for all individual capital construction projects, while the five-year capital construction plan (CC-P form) shows the relationship of the individual projects to past, current, and projected projects from the same agency. The Department of Higher Education must review all budget documents from state-supported higher education institutions before referral to OSPB. All additions, deletions, or changes must be submitted to DHE, which then reviews and, upon approval, submits these changes to the OSPB. OSPB, the Office of the State Architect, and DHE work in close coordination throughout the process.

For request year projects (FY 2009-10), non-higher education agencies shall forward one electronic copy of the required forms for each project to OSPB by July 16, 2008 copying OIT on the IT-related requests. Institutions of higher education will submit requests first to the Department of Higher Education; DHE will, in turn, submit the requests to OSPB (and OIT as applicable) on July 16. Final versions of the requests are due to OSPB on August 22, 2008 for signature. OSPB will deliver the signed, unprioritized requests to the Capital Development Committee on August 29, 2008 with a copy to the Joint Budget Committee staff lead, a copy to the Department of Higher Education, and a copy of the signed request to the requesting agency. On November 3, 2008, OSPB and the Department of Higher Education will submit a list of the requests to the Capital Development Committee in priority order.

he forms should be submitted via email to: lisa.esgar@state.co.us. The CC-C forms and the CC-IT forms must be signed on both the Excel spreadsheet and the support document by a person authorized to represent the department or institution's most senior director. The signed pages should be in PDF or sent by fax to 303-866-3044, attention Lisa Esgar, and then all documents also submitted via e-mail in their Word and Excel format. Forms from institutions of higher education must be signed by the Department of Higher Education. Unsigned forms will not be accepted. Hard copies are also acceptable; one copy to OSPB is sufficient. However, the Word document should also be sent to OSPB via e-mail.

Exhibit 11-1 Capital Construction Submissions

Form	Category of Request	Description
Area Maps	Required for all requests	A geographic map showing the physical location and the names of specific facilities related to the request.
Department Wide Five-Year Capital Construction Program Outline(Form CC-P)	Required for all requests	The purpose of this form is to provide a list of all capital construction projects (excluding controlled maintenance) expected to be submitted over the next five years. Current-year requests will be checked for conformance to the current and previous facility master plan.
Facility Master Plan	Required for all requests (State Departments: Section 24-1-136.5, C.R.S.; Higher Education: Section 23-1-106, C.R.S.).	The Facility Master Plan should provide direction for long-term facility needs based upon program goals and objectives as outlined in the Strategic Operating Plan.
Program Plan	Required for all major projects. (State Departments: Section 24-1-136.5, C.R.S.; Higher Education: Section 23-1-106, C.R.S.)	The purpose of this document is to provide facility-specific guidelines that detail facility size, configuration, location, function, and other specific(s) related to a proposed facility. Departments may request a waiver of the requirement for projects under \$500,000.
Supplemental Capital Construction Request (Form CC-B)	Required for all supplemental requests	The purpose of this form is to provide a method of adjusting previous or current-year appropriations.
Capital Construction Project Request (Form CC-C)	Required for building construction and equipment projects	This applies to new or renovation building projects, but excludes controlled maintenance and information technology projects.
Capital Construction Information Technology Project (Form CC-IT)	Required for all capital construction information technology requests	Form CC-IT serves as the project request form for information technology projects that qualify as capital construction.

11.14 PROGRAM PLANS

Program plans are required for most capital construction projects. Only three types of capital construction projects do NOT need program plans. These are:

- Capital construction projects costing less than \$2 million in state funds for which requests for exemptions from the requirements of program and physical planning must be submitted to DHE. See section on program plan waivers in the DHE FY 2009-10 Instructions.
- Capital construction projects costing \$2 million or less and constructed, operated and maintained with cash or federal funds and capital projects costing \$2 million or less and constructed with cash funds but operated and maintained with either cash, General Fund or a combination of both are called SB 01-209 projects. These projects are reported to DHE by September 1 of each year for the previous fiscal year and are not submitted to OSPB.
- Capital Renewal projects for which the Office of the State Architect CM-03 form, and possibly a feasibility study, may be required in lieu of a formal program plan. See the section on Capital Renewal projects below.

All other new capital requests require program plans. Program plans are reviewed for appropriateness, necessity, and sufficiency of the project with respect to institution programs, applicable state policies, plans, and standards, and consideration of alternative actions and timetables. Each program plan should:

- Conform with the agency master plan;
- Benefit the programs housed in the facility;
- Include operating and capital costs that are appropriate to the program and to the source and method of financing; and
- Be consistent with the institutional five-year capital construction program schedule.

The program plan should include a third-party independent review (one performed by an engineer, architect, or information technology expert who is not an employee of the institution) that covers:

- Compliance with applicable codes;
- Completeness and accuracy of the project cost estimate;
- Appropriateness and thoroughness of the methodology used for cost estimating (Means or Dodge published cost data, historical costs from previous projects, cost estimating consultant, in-house cost estimating, etc.); and
- Validity of the alternative chosen.

OSPB reviews the program plans for:

- Consistency with the Governor's policy;
- Defensibility of need; and
- Appropriateness of fund source, cost estimates, financing, component necessity, and impact on the State operating budget.

OSPB will ask the Office of the State Architect to review program plans for:

- Appropriateness of space utilization;
- Appropriateness of construction plan;
- Validity of costs and assumptions; and
- Compatibility with master plan space allocations.

Requests previously submitted in prior years that were not funded for FY 2008-09 will be considered new requests.

Requests for exemptions from the statutory requirements of program and physical planning for State agencies other than those for institutions of higher education may be granted by the Office of the State Architect for projects costing \$2 million or less in state money (CCF or COP) if sufficient information is presented. That information should include the name of the project; the program or department impacted by the project; the assignable and gross square feet the project involves; the increase, if any, to operation and maintenance costs; and a project description, with site maps or other information included when applicable. The waiver request should include reference to the master plan. The total scope of the project should be discussed if the waiver request is part of a phased project that will be completed in the future or if it complements or completes an earlier project. Agencies should not break a much larger capital construction program into smaller projects to avoid doing program plans. Program plan waivers for projects requiring capital construction funds are prioritized with all other state-funded projects (CCF).

Agencies are not required to request a waiver from the program planning requirements for cash funded projects under \$2 million and 202 projects under \$1 million. These projects are reported as 209 projects.

The CC-P: Five-Year Capital Construction Program FY 2009-10 to FY 2013-14 forms should be filled out electronically for new projects for the Request Year and any out years. It is not possible to include the construction appropriation phase (PP—physical planning, C-construction, E-equipment) or other non-numbered material on the electronic form. Copy the electronic version of the form and enter the requested information by hand for the four paper copies. Also, state statutes require institutions to estimate the expected completion date if funding is available for each project. For the paper and electronic copies, include the anticipated completion date after the project title. If more project sections are needed, simply copy the number of required additional sections and paste them in. Please see the following items of the form for further instructions.

General. Across the top of the form, include the name, telephone number, and E-Mail address of the person who prepared the CC-P. Use the pull-down box on the electronic form to select the name of the institution. Use the pull-down box on the lower left corner to indicate “yes” or “no” about whether a project is a capital building/infrastructure renewal project.

PRELIMINARY submissions should project the institution's schedule of capital construction projects for the five years beyond the Budget Request year. Governing board amendments to the institution's preliminary schedule should be identified in the **FINAL** submission. Projected costs are in current dollars. List each project in sequential order of importance.

Project. Use the same project name reported on the CC-C or CC-IT forms. Identify the facility and the institutional program that will occupy the facility upon completion of the project. If it is a project that benefits the entire campus, write “Campus Wide.” Estimate the amount of Gross Square Feet (GSF) of space involved in the future project.

Total Project Cost: Enter the total project cost by summing up the prior appropriations and all future costs by funding source.

Prior Appropriation. Enter all previous appropriations in the same format as on the CC-C and CC-IT forms.

Fiscal Year Request. Enter anticipated future requests in the same format as in CC-C Form.

Capital Construction Appropriation Phase. Designate the appropriation phases in each year's estimated project cost.

PP = Physical Planning, which includes architectural and engineering design;

C = Construction, which funds actual construction;

E = Movable Equipment, which equips the completed project for occupancy and use.

Append a Five-Year Capital Improvement Program Priority Statement. The priority statement should explain, in relation to the Institutional Master Plan, the institution's or governing board's judgment of the relative programmatic importance among the facilities projected for the ensuing five-year period. The statement should also explain the multi-year scheduling of any Phased Construction Projects.

11.15 CAPITAL CONSTRUCTION REQUEST FORM: CC-C COVER SHEET

The CC-C forms are for new buildings, building expansions or renovations, or related capital projects. Budget requests must be submitted for each year that an appropriation is requested.

Continuation projects and non-continuation projects both require annual submissions of the CC-C form. The budget documents for continuation projects--those that have received at least one previous appropriation--are checked for conformance with the allowable inflation factor as determined by OSPB. If a project was approved for architectural and engineering funds only, for example, funding beyond the architectural and engineering stage should be footnoted on the budget request forms as requiring additional approval. If an agency's cost estimate for a continuation project has changed since the previous year, the institution should update the CC-C and support information forms to reflect the new numbers. All supporting information must be in the new CC-C.

The reviewing entities will review all budget estimates for appropriateness using industry standards and trends. If a project contains particularly high costs in a given area such as equipment costs, those costs should be listed and justified in a program plan.

The CC-C form consists of two parts: a project cost and approval sheet, and support information. The project cost and approval sheet, or cover sheet, is a spreadsheet showing the project phasing, source of funds, and the amounts that will be spent in each major category. The support

information gives agencies a way to defend the project and project costs in a concise format. The CC-C form is the primary document that OSPB and the General Assembly use for evaluating projects.

Please see the following list of instructions for completing the CC-C cover sheet, otherwise known as the project cost and approval sheet:

- General: The boxes at the top of the sheet should be completed where applicable.
- Project Title refers to the name of the project that must be used throughout all documents submitted to OSPB and the Office of the State Architect.
- Project Year should describe the year of the project in terms of how long it is seeking funding. For example, if the project is seeking its first appropriation, this should indicate year 1. If the project received funding in a prior year and is seeking a second round of funding, this should indicate year 2.
- Write in the name of the agency seeking funding.
- Program is the division(s) or function(s) primarily benefiting from the project (i.e., Veterans Nursing Homes, Armories, Information Technology).
- Priority Number is the agency's ranking of a state-funded project, and should be written to indicate how many projects the agency is prioritizing (i.e., 2 of 5).
- State Controller Project No. is the number assigned by the State Controller's Office if the project has already received at least one appropriation.
- Purpose Code is the purpose code from Appendix D of these Budget Instructions that best describes the project per the institution's judgment.
- Strategic Plan Objective(s) is an objective that the project will help meet, if applicable, preferably from the department's Strategic Plan as submitted to OSPB on September 1, 2008.
- Department Approval By is for the name and date of approval of the institution's president or designee.
- CCHE Approval is for the date CCHE approved a continuation project, if applicable.
- Risk Mgt. I.D. is the building risk management number the State has assigned if the project involves an existing building. Contact the Office of the State Architect to locate it if necessary.
- Name of Preparer is the name of the person preparing the form; include the email address.

The cover sheet shall include all costs associated with all phases of the capital construction project. If the project will require additional funds to complete in subsequent years, list those funds required for the following five years.

- A. **Land Acquisition.** If this project will include a cost to acquire land, enter the amount here.
- B. **Professional Services.** Enter the total requested, all prior appropriations, and amount requested for each applicable year for all items. Do not include an amount under “Prior Appropriation” unless it appeared in a previous Long Bill or separate appropriation bill.
- B-1. **Master Plan/PP.** Circle or boldface either “master” or “PP” (for program plan) to indicate the correct plan. Include total cost requested to complete plan.
- B-2. **Site Surveys, Investigations, Reports.** Identify other engineering design fees, not related to the physical structure, such as civil engineering for site grading, sewage treatment, water treatment, traffic, etc. Include the estimated costs for site topographic information, utility surveys, soil tests and reports, and other tests required by the specifications (e.g., concrete strength, weld tests, etc.) Testing for the existence of asbestos and air monitoring during remediation also should be included here.
- B-3. **Architectural/Engineering/Basic Services.** Identify all fees for the design of the building. These include architectural design, structural engineering, mechanical engineering, and all special consultants such as fire protection, acoustics, information technology, etc.
- B-4. **Code Review/Inspection.** Include the cost for an independent third-party review for compliance with the building codes as required by the Department of Personnel and Administration per Section 24-30-1303(1)(r), C.R.S.
- B-5. **Construction Management.** If applicable, include the construction manager fee. Note that only paid, outside consultants are allowed. No departmental FTE can be paid through capital construction.
- B-6. **Advertisements.** Include advertisement costs, if any.
- B-7. **Other (Specify).** Include all additional anticipated professional fees for the project. Specify fees associated with the new High Performance Certification Program. Specify the type of fee or fees. Please note that tap fees are not professional service fees.
- B-8. **Total Professional Services.** Enter total of items B-1 through B-7. If this amount exceeds 10 percent of line C-4, “Total Construction Cost,” for a new facility or 15 percent for a renovated facility, attach a written explanation to justify higher costs than generally allowed.
- C. **Construction.** This section displays the total amount of money requested for the project. Do not include an amount under the column “Prior Appropriation” unless funds were appropriated in a previous Long Bill or other separate appropriation. Estimates should be based on the anticipated cost of construction for July of the year for which the

appropriation is requested. Inflation, if needed, is applied in the request year and subsequent years per the inflation factor set by the OSPB.

C-1. Infrastructure

- (a) *Services/Utilities.* The building construction cost (C-1) will include utilities to a point five feet outside the building. The utilities cost should include all other costs associated with obtaining power, water, gas, telephone lines, sewer, etc., extended from the nearest source to within five feet of the building(s). Include water or tap fees paid to other governmental entities in this line. Do not include funds for other infrastructure reserves. Other infrastructure projects resulting from the impact of the requested project should be submitted as a separate capital construction project request(s).
- (b) *Site Improvements.* Include all excavation and backfill costs to prepare the site and all other work such as clearing, leveling, asphalt paving, curb and gutter, walks, site lighting, drainage structures, etc. All work related to landscaping should be included here as well. Examples include: sod, trees and bushes, and irrigation systems.

C-2. Structure/Systems/Components. Include the estimated cost for the construction of the building(s). The cost should include utilities to a point five feet outside the building line. Provide the gross square footage of the new facility or the gross square footage to be renovated next to “GSF” in the first column on the left. The cost of temporary power, water, etc., during construction provided by the state cannot be included. Include basic pricing in the following categories as they pertain to the specific project:

- (a) *New (\$____/GSF)*
- (b) *Renovate (\$____/GSF)*

C-3. Other (Specify). Include any asbestos remediation and any demolition as line item costs here; specify those and other construction costs.

C-4. High Performance Certification Program. Include all anticipated construction, materials, and equipment costs associated with complying with the High Performance Certification Program. These additional costs must comply with statute, if not; a waiver is required from the Capital Development Committee.

C-5. Total Construction Costs. Add C(1) through C(3) and enter the total here.

D. Equipment and Furnishings.

D-1. Equipment. Enter the cost of the equipment required for the project. This item should include equipment that can be moved and reused even if it is a built-in and would not be included in the general construction contract. Examples include equipment for kitchens, laboratories, laundries, shops, medical facilities, stages, communication, etc. Computer

and Network Equipment includes workstations, file servers, routers, hubs or switches, printers, scanners, and other required hardware. Include in this line movable partitions, work surfaces, etc., which are part of the offices and workstations. If the total cost of all computer and information technology (IT) equipment and wiring included in D-3 exceeds \$2 million, a CC-IT form must be completed in addition to including the costs in lines D-1 through D-3. All scientific or instructional equipment costing \$50,000 and having a life expectancy of five years or greater is considered capital construction. **What is not acceptable as capital construction? See Section 11.2 of this Chapter.**

- D-2. **Furnishings.** The cost of the furniture and other items necessary to complete the project for occupancy should be included here. These items would not normally be a part of the general construction contract. Examples are window coverings, cabinets, wardrobe, desks, chairs, tables, seating, etc.
- D-3. **Communications.** Include the costs associated with telephones and other communications here, such as the purchase and/or installation of fiber optic cable or other wiring for voice, Internet, intranet, local area network, and/or audio conferencing capabilities. Do not include cost of equipment for programs related to communication, computers, or other devices for audio or video equipment. These costs are part of equipment included in D-1.
- D-4. **Total Equipment and Furnishings Cost.** Add D-1, D-2, and D-3 and enter the total here. If the "Total Equipment and Furnishings Cost" exceeds 10% of Total Construction Cost, attach an itemized list for both "Equipment" and "Furnishings."

E. Miscellaneous

- E-1. **Art in Public Places.** Section 24-80.5-101, C.R.S., requires that "not less than one percent of the capital construction cost" shall be used for the acquisition of works of art when appropriate. This requirement applies to all new construction projects, and all renovation projects of more than \$2 million. **The one-percent requirement does not apply to telecommunications, information technology, or controlled maintenance projects or to projects that are exclusively cash-funded.** Apply the applicable percentage to line C-5 of the project cost sheet. Specify the amount dedicated for this program.
- E-2. **Relocation Costs.** For some projects it will be necessary to temporarily move some, or all, of the occupants and equipment to another facility. Those moving costs should be shown here. The cost of renting or leasing temporary space should NOT be included here. Lease costs are operating expenses.
- E-3. **Other** (Specify). Enter all other costs here.
- E-4. **Total Miscellaneous Costs.** Add E-1, E-2, E-3, and E-4 and enter the total here.

Total Project Costs. This is the total estimated cost of the project. Add A-1, B-8, C-4, D-4, and E-5 and enter the total here for each year that appropriations are requested.

- F. **Project Contingency.** These lines provide the contingency for the entire project. Each institution should plan for these funds to be reverted upon completion of the project. Contingencies are established for unanticipated project costs. Add B-8, C-4, D-4, and E-5 and multiply the appropriate percentages. Project contingencies for all new construction, equipment purchases, or facility-related planning studies will be 5 percent of the total project cost, excluding land acquisition costs. Contingencies for project renovations will be 10 percent of total project costs, also excluding land acquisition costs. Projects involving both renovation and new construction must indicate how the contingency was calculated. Institutions deviating from these percentages must justify the request in writing to the OSPB and DHE before submittal for funding consideration. Appropriate use of project contingency funds is outlined in the Office of the State Architect’s Procedures Project Cost and Management Guidelines. All contingency costs must be reported on the Capital Construction Project Application Form (SC 4.1) after project completion. Remaining balances are to revert to the Capital Construction Fund.
- G. **Total Budget Request.** Add items A-1, B-8, C-4, D-4, E-5, and F-1 and enter the total here.

11.16 CAPITAL CONSTRUCTION REQUEST FORM: CC-IT COVER SHEET

From “General” to “Name of Preparer,” the instructions are the same as identified in Section 11.15.

This cover sheet shall include all costs associated with components of the information technology project. If the project will require additional funds to complete in subsequent years, list those funds required for the following five years. The following rows of this section are explained in more detail as follows:

- A. **Land Acquisition.** If this project will include a cost to acquire or lease land, enter the amount here.
- B. **Contract Professional Services.** Enter the total requested, all prior-year appropriations, and amount requested for each applicable year for all items. Do not include an amount under “Prior Appropriation” unless it appeared in a previous Long Bill.
- B-1. **Consultants/Contractors.** Enter consultant and/or contractor costs for project development (i.e., consultant/contractor costs not included in other professional service categories).
- B-2. **Quality Assurance.** Identify all consultant fees for the quality assurance portion of this project.

- B-3. **Independent Verification and Validation.** This is intended as a third-party review performed by the Governor's Office of Information Technology. This review is not required for institutions of higher education.
- B-4. **Training.** Include all training costs associated with initial roll-out of the project. This includes first-time training costs only. Ongoing or periodic training is an operating fund expense. Training cannot pay for state FTE.
- B-5. **Leased Space (Temporary).** If applicable, include costs associated with leasing space for consultants working on the project.
- B-6. **Feasibility Study.** This is for preparing a feasibility study per the Office of Information Technology criteria. This review is not required for institutions of higher education.
- B-7. **Other Services/Costs.** List and describe any other cost related to this project.
- B-8. **Total Professional Services Cost.** Enter the sum of items B-1 through B-7.
- C. **Associated Building Construction.** This section displays the total amount of money requested for building construction needed to support the information technology request. Estimates should be based on the anticipated cost of construction for July 1 of the year for which the appropriation is requested.
- C-1. **New (GSF).** Include the estimated cost for the construction of the building. The cost should include utilities to a point five feet outside the building line. Provide the gross square footage of the new facility in the far left column. Include any hazardous substance remediation or any demolition costs here. The cost of temporary power, water, etc., during construction provided by the state cannot be included. Include the basic pricing on the next line in the far left column.
- C-2. **Renovate/Connection Costs (GSF).** Include the estimated cost for renovation of an existing building. The cost should include infrastructure connections. Provide the gross square footage to be renovated with this item. Include any asbestos remediation and/or any demolition costs here. The cost of temporary power, water, etc., during construction provided by the state cannot be included. Include the basic pricing on the next line in the far left column.
- C-3. **Site Work/Landscaping.** Include all the excavation and backfill costs to prepare the site and all other work such as clearing and grubbing, asphalt paving, curb and gutter, walks, site lighting, drainage structures, etc. All work related to landscaping should be included here. Examples include, sod, trees and bushes, and irrigation systems.
- C-4. **Total Construction Costs.** Add C-1 through C-3 and enter the total here.
- D. **Software Acquisition.**

- D-1. **Software COTS.** Include the cost of commercial of-the-shelf software needed to implement the project.
- D-2. **Software Built.** Include the costs associated with developing new custom software. This should be separate from general professional service fees.
- D-3. **Total Software Cost.** Add D-1 and D-2 and enter the total here.

E. Equipment

- E-1. **Servers.** Enter the cost of all servers.
- E-2. **PCs, Laptops, Terminals, PDAs.** The cost of new personal computers, laptops, terminals, and personal digital assistants (PDAs) should be included here. Identify the cost of those items required for the implementation of the new technology system.
- E-3. **Printers, Scanners, Peripherals.** Include the costs associated with printers, scanners, and peripherals related to the implementation of the new technology system.
- E-4. **Network Equipment/Cabling.** Include costs associated with network equipment.
- E-5. **Other (Specify).** Specify costs associated with other equipment.
- E-6. **Total Equipment Cost.** Add E-1 through E-5 and enter the total here.

F. Miscellaneous

- F-1. **Total Miscellaneous Costs.** Specify other costs not included elsewhere and enter the total here.

Total Project Cost. This is the total estimated cost of the project. Add A-1, B-8, C-4, D-3, E-6, and F-1 and enter total here.

- G. Project Contingency.** These lines provide the contingency for the entire project. Each institution should plan for these funds to be reverted upon completion of the project. The project contingencies are for *unexpected* costs that occur during project implementation, and therefore property acquisitions are not considered in the contingency calculation. Add B-8, C-4, D-3, E-6, and F-1 and multiply the appropriate percentages explained below. Project contingencies for all new construction, equipment purchases, or information technology-related planning studies will be 5% of the total project cost. Contingencies for project renovations will be 10% of total project costs. Agencies deviating from these percentages must justify the request in writing in the CC-C support form.

- H. Total Budget Request.** Add items A-1, B-8, C-4, D-3, E-6, F-1, and G-3 and enter the total here.

11.17 CAPITAL CONSTRUCTION SUPPORT FORM

Both the CC-C and CC-IT Support Information forms are the same.

- General Information. All applicable items should be filled out.
 - Agency Name. Include the name of the institution submitting the project.
 - Date. Institution should fill out the date submitted to DHE.
 - Project Name should be the same as the project title on the CC-C project cost and approval sheet.
 - Phase is the phase of appropriation, with an indication of how many more are needed to complete the project (i.e., 1 of 3).
 - State Controller Project No. P is the number assigned by the State Controller's Office for a project that has already received at least one appropriation.
 - Type of Request (check all that apply)
1. **Project Description/History.** Explain in brief the project for which funding is being requested including pertinent project background and/or history. State exactly what is being requested, the purpose, the project dollar amount for the request year, and describe the entire time period of the project. This section should stand on its own as a general, succinct, complete summary of the request.
 2. **Is this a Continuation Project?** Mark yes if the project has received state capital construction funds in a prior fiscal year. If yes, fill out the project's prior phase expenditures in the provided table, by fund source.
 3. **List key objectives of proposed project:** The objectives should relate to programmatic needs. At project completion the institution will confirm attainment of the objectives with the submittal of the final SC 4.1 form.
 4. **Estimated Project Timetable.** This table is meant to reflect the annual phases, by fiscal year, as the project crosses fiscal years. Each fiscal year must be indicated with a distinct portion of the project.
 5. **Key components of the proposed FY 2009-10 project:** This section explains the steps occurring in the request year to complete the project within the fiscal year.

6. **Estimated timetable for FY 2009-10 request:** Using the components in #5 and provide a discreet timeline for each one.
7. **Project/Program Justification.** *Justification Related to Programs and Classifications served by Request.* This is the section where the request is defended. Requests that are not clearly justified may not be approved. Explain in detail the deficiencies inherent in the current facility. Include all necessary detail and specific scope of work. Be sure to include how the facility deficiencies affect current operations and how future operations will be improved as a result of the new facility, equipment, or renovation. This section should address why there is a need for a new or renovated facility. Indicate the program(s) housed in the facility for which funding is being requested using the program service population table provided. Describe how much space is needed, what types of rooms or equipment are included in the request and why. Also illustrate where on campus the project will be executed. Focus more on why the current facilities are insufficient and less on why the current programs are driving change.
8. **Describe in detail the calculations for the project amount, including project components and inflation assumptions.** This section is used to defend the dollar amount on the CC-C cover sheet/Excel spreadsheet where the numbers are not otherwise calculated. Poorly defended numbers are at risk of subtraction if the method for development is not explained. Provide a table by operating component and by fiscal year if necessary. Do not repeat information on the CC-C Excel form; instead, use this section to defend it. [For example, if the CC-C Excel form asks for an amount for furnishings, and \$335,260 is entered, this section would include a table describing that there are 45 cubes at \$3,998 (OSPB Common Policy), 45 computers at \$1,230 for \$55,350, and \$100,000 for conference table with 15 chairs.]

OSPB will review all budget estimates for appropriateness according to industry standards and trends. If a project contains particularly high costs in a given area such as equipment costs, those costs should be listed and justified in a program plan.
9. **Provide specific justification related to Programs and Classifications served by the request.** Describe, enumerate, and complete the provided table using FTE. Use the table to indicate the service population related to the specific facility. The service population could pertain to the number of students in the institution or department(s), the number of faculty and staff, or other populations that necessitate the need for, or will be affected by, expanded or renovated facilities and equipment. Be sure to explain in detail how the service population relates to the specific programs housed in this facility.
10. **Purpose Code Justification.** Explain the way in which the purpose code applies to the project. If the project has been labeled as a deficiency, describe the deficiency and its requirement. If other codes apply, please explain. See Appendix C for a complete list of codes.

11. **Current replacement value of the property (CRV).** Include latest reported replacement value of the property to either the State Division of Risk Management or the school's own Risk Management office.
12. **Project Alternatives.** Describe the construction and/or non-construction options considered that could alleviate the problem that prompted this request. It is important that all alternatives be considered. Describe, where possible, the costs in terms of facility, equipment, or staff, for each alternative not chosen. This description should reflect the input of the operating budget staff. Explain the true impact of status quo; that is, not funding this request.
13. **How will this project address future maintenance costs?** Please explain how the agency plans to ensure that there is future controlled maintenance funding for this investment.
14. **Will this project affect operating expenditures?** The purpose of this section and its table is to identify the impact of this project on the operating budget. This table helps explain how the project should be classified and identifies if an operating budget request should accompany the capital request. Capital requests that do not delineate an operating impact may not get operating needs funded. Show the operating costs by category as delineated on the form. All fund sources should be provided and the cost of the first year may be a partial year. Provide the estimated costs for the next five fiscal years.
15. **Does this project involve cash funding or lease purchase? If yes, complete the Cash Funds Impacts table and describe the fund sources in detail including dollars, by fiscal year.** For each cash-funded source describe how the revenues accrue to the fund. Demonstrate that sufficient funding is available from this source. Include the dollars financed, the duration of the agreement, the interest rate, and the revenue source.
16. **Does this project tie into the agency's five-year controlled maintenance plan?** The five year Controlled Maintenance Plan should be the one most recently approved by the Office of the State Architect (OSA). Mark the appropriate responses and fill in the appropriate explanations.
17. **Is this project subject to the requirements of the High Performance Buildings Program (SB 07-051) as implemented in OSA policy OSA-HPCP 9/1/2007.** Indicate whether or not the project is exempt from state High Performance Buildings Program. Also, each project will need to verify what level of LEED certification will be pursued by submitting the appropriate LEED checklist.
18. **Does this project involve building renovations?** List previous capital construction and controlled maintenance projects associated with this facility within the last five years. Indicate the year, the project, and the cost to complete the controlled maintenance projects. Indicate the projected five-year expected cost of controlled maintenance after completion of the capital construction project. Indicate the project name, number, and cost of all capital construction projects associated with this facility in the last five-year period. The estimated

current value can be obtained from the Department of Personnel and Administration, Office of the State Architect.

19. Space Requirements Table. This table applies to building construction and renovation. Information technology projects with a building construction component must provide this information. The purpose of this table is to compare the current assignable square footage (ASF) per client or FTE, versus the ASF needed by the facility master plan.

- **Type of Space.** Indicate the type of space to be eliminated and constructed or renovated. Include all space types to be affected by construction (e.g., library, office, computer pool, etc.).
- **Existing Assignable Square Footage (ASF).** Indicate the applicable ASF for the existing facility. Assignable square footage is space occupied by program operations. It does not include corridors, restrooms, atrium space, etc.
- **ASF needed per Master Plan.** Indicate the ASF assumed by the facility master plan. This should correlate with number of clients and/or FTE currently served by the existing space and the number of clients and/or FTE to be served. Assume the maximum limit for the proposed facility.
- **Surplus/(Deficit).** Subtract the existing ASF from the ASF needed per the Master Plan. This figure should provide an indication of the extent of the space deficiency which currently exists.
- **Impact of this Project.** Indicate the ASF that is proposed by the requested project.
- **Revised Surplus/(Deficit).** Add the exiting ASF and the ASF requested by the project and subtract this total from the ASF needed under the master plan.
- **Percent Surplus Deficit.** Divide the revised surplus/(deficit) by the ASF needed under the master plan.
- **Project Gross Square Footage (GSF).** Indicate the square footage as measured from the interior surface of the exterior walls.

20. Governing Board Approval. Indicate whether or not and when the appropriate governing board approved the program plan.

21. Facility Master Plan Conformance. Indicate whether or not the program plan is in conformance with the most recently approved facilities master plan and when CCHE approved the master plan.

22. Department Strategic Plan Conformance. Indicate whether or not the program plan is in conformance with the most recently approved Department Strategic Plan. For higher education projects, this should indicate whether or not the plan is in conformance with any

institutional academic strategic plans, and when those plans have been approved by governing boards.

23. **What is the amount and percentage that will be encumbered within six months?** This is to assess compliance with the six month rule.
24. **Does the amount encumbered incorporate the anticipated costs for professional architectural and engineering services?** The capital construction six-month rule applies to the amount of time that a department has to encumber money for a project. If a project contains contracts for professional services, only the amount of the professional service contracts need be encumbered by the end of six months. If the project does not include contracts for professional services, the entire project amount should be encumbered within the six-month period. If compliance with the rule is not feasible, the State Controller's Office and the CDC have approved a Memorandum of Understanding by which the department or institution may propose an amount less than the full appropriation. The department or institution must provide a written narrative justifying the percentage amount to be encumbered. On the CC-C or CC-IT forms, enter the amount and percentage encumbered within the six-month period and provide justification as necessary.
25. **Is a waiver of the 6-month encumbrance rule required?** If yes, please defend the need of a waiver and the timing need for the request.
26. **Describe how this specific project fits into the space information, population information, and operating impact of the campus. Provide an overview of the status of the entire campus, including all recently completed, in-process, and approved projects.** This information will assist the Department of Higher Education, the Office of State Planning and Budgeting, and the Capitol Development Committee in prioritizing the request and understanding how the project would function in the context of the other projects and needs on the agency's campus. Please include at least all projects in the past five years and any current projects or pending requests.
27. **Provide an overview by fiscal year of cumulative operating impact of all capital requests. Some projects impact the operating budget the following year, while other projects do not impact operating for several years. Please indicate in a table what fiscal year is estimated to be the first year of operating impact and then all subsequent years.**
28. **Additional Information.** Provide any additional information that would help explain or defend the request.

11.18 CC-B: SUPPLEMENTAL CAPITAL CONSTRUCTION REQUEST FY 08-09

The purpose of a supplemental capital construction request is to provide a method for adjusting previous year(s) appropriations or to use funds realized in a prior fiscal year. In rare cases supplemental requests can be used to make funds available earlier when the General Assembly is not in session. These 1331 supplemental capital construction requests, regardless of funding source, are limited to emergency situations. Non-higher education agencies shall forward one electronic copy of the CC-B, Supplemental Capital Construction Request for each project to OSPB. Institutions of higher education will submit first to the Department of Higher Education; DHE will, in turn submit the request to OSPB. OSPB will submit the approved version to the Capital Development Committee and the Joint Budget Committee.

The CC-B form must include a written explanation of why the extension is needed, what dollar amount the project has already encumbered, what dollar amount has been expended on the project, how long will an extension be required for, what elements of the project have been completed, and what needs to be done in order to complete the project.

Every form submitted for the supplemental packet should be dated. It should be clear which forms are for the adjusted project and which a complementary and show the original project.

Supplemental forms are due to OSPB by November 3, 2008. OSPB submits supplemental requests to the CDC on December 10, 2008 and copies the Joint Budget Committee staff.

OSPB will publish an updated CC-B form and update this section before the September 2008 Capital Development Committee meeting.

Criteria:

In addition to checking the appropriate box, provide an explanation of why you believe the request meets one or more of the following criteria:

- An emergency (includes SB 92-202 projects ready to go in the interim between legislative sessions);
- A technical error which has a substantive effect on the operation of the program;
- New data resulting in substantial changes in funding needs; and
- An unforeseen contingency such as an underestimated bid package.

Only emergencies can be submitted when the General Assembly is not in session. Emergency requests are allowed under the provisions of HB 98-1331. The HB 98-1331 process has been used to address both emergency issues as well as to correct technical errors. This process should be used to address those issues that cannot wait to be addressed through the standard supplemental process.

An emergency supplemental request requires the same documentation as a regular supplemental

request (i.e., a CC-B form with addenda). Emergency supplemental requests should not be prioritized when submitted through the H.B. 98-1331 process. However, emergency supplemental requests should be included in priority order as part of the regular supplemental submission. If the amount of the emergency supplemental has changed for the regular supplemental submission, a revised supplemental should be submitted, rather than a new incremental supplemental.

Attach a Copy of Form CC-C or/and Form CC-IT of the Original Request. Include the entire original CC-C or CC-IT forms. Be sure to specify "Original" at the top in bold letters with the original date submitted to the CDC.

Attach a New Completed Form CC-C or/and CC-IT, page 1, "Project Cost and Approval Sheet" ONLY. Include a "Project Cost and Approval Sheet" from Form CC-C or Form CC-IT, which reflects the requested supplemental changes. Be sure to specify "Supplemental" with the current date at the top in bold letters.

To allow for adequate review, emergency supplemental requests should be submitted to OSPB at the earliest opportunity and no later than four weeks prior to the CDC meeting.

11.19 INFLATION FACTOR

For FY 2009-10 capital construction requests, the Office of State Planning and Budgeting is requiring that agencies use an inflation factor as described below. Although customized inflation factors were used for FY 2008-09 requests, this caused confusion and inconsistency. Requiring a specified inflation factor will ensure transparency and fairness between requests. The application of inflation into the future is an estimate.

However, agencies that believe, for specific circumstances, the provided inflation is not appropriate for the project, may request an adjusted inflation. These requests must be very specific about which portions of the project, including construction material escalation, which are affected, why, and clearly defended as to 1) why the OSPB inflation factor cannot be accommodated and 2) why the specific inflation provided is the correct one for the area, based on actual data.

For all other requests, OSPB is using the Engineering New Record (ENR) building cost index. The numbers that are to be used for capital construction requests due to OSPB on July 16 and any late submissions or 1331s submitted July 1 – October 31, 2008 are as follows. By October 1, 2008, OSPB will re-estimate the increases for supplementals due November 3.

Using current year cost estimates, these estimates can be increased by 4.1% based on the four year average below for the request year FY 2009-10. This captures a portion of the 2004-2005 inflation jump and the potential for increased construction costs due primarily to petroleum cost increases in 2008. The majority of FY 2009-10 requests will use this process.

If using prior year estimates, agencies should use the Cumulative Percentage to Estimate Year in the table and explain the origin of the estimate and show its inflationary adjustments in Section 8 of the CC-C FY 2009-10 - Support Information Form.

Construction Cost Index

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
ENR ¹ Building Cost Index History (1915-2008) ² FY 08-09 is through June 2008	4189	4331	4475	4599	Current Request	Year 2 Request
Percent Change	5.9%	3.4%	3.3%	2.8%	4.1% ⁴	4.1% ⁴
Cumulative Percentage to Estimate Year ³	19.0%	15.0%	11.4%	8.4%	4.1%	

¹Engineering News-Record, enr.com; based on the ENR Index for May for the year of the funding request (i.e. May 2008 for the FY 09-10 request cycle)

²ENR Building Cost Index: 68.38 hours of skilled labor at the 20-city average of bricklayers, carpenters and structural ironworkers rates, plus 25 cwt of standard structural steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of portland cement at the 20-city price, plus 1,088 board ft of 2 x 4 lumber at the 20-city price.

³Cumulative Percentage – Used to update estimates from a point in time. For example, to update a previous FY 06-07 estimate to a current FY 09-10 estimate, the cumulative percentage of **15.0%** is used as the Inflation Factor.

⁴OSPB Inflation Factor: Current Request (and out year) estimates shall include the Inflation Factor indicated (based on a **four year average** of ENR historic indexes). Estimates should be based on the mid-point of the construction period included in the request.